

Some hospitals (typically for-profit facilities) are owned by one entity, but leased to an experienced operator who is responsible for the day-to-day operations of the facility. Unfortunately, OHF prohibits structures where the owner (Mortgagor) of the real estate leases the hospital to an operator. While a separate owner/operator structure is common in other HUD programs, the Section 242 program typically serves not-for-profit borrowers where the owner and operator are the same entity.

Notwithstanding this prohibition, any proposal in which leasing of the entire facility is a factor due to state law prohibitions against the mortgaging of health care facilities by state entities shall be considered on a case-by-case basis. While these proposals may not be Pre-Screened, you may contact the Hospital Program's Underwriting Director (paul.a.giaudrone@hud.gov) for more information.

If the owner and operator are the same entity, please click on "Yes" when answering this question